

Message Text

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ACTION EB-07

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FM AMCONSUL GENOA
TO SECSTATE WASHDC 1868
INFO AMEMBASSY ROME
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMCONSUL FLORENCE
AMCONSUL TRIESTE
AMCONSUL TURIN

UNCLAS GENOA 0796

E.O. 11652: N/A
TAGS: EWWT, ELAB, IT
SUBJ: GENOA HIKES PORT FEES BY 25 PERCENT

1. STIFF INCREASES IN GENOA'S PORT TARIFFS FOR CARGO OPERATIONS EFFECTIVE JANUARY 1 WILL ADD SUBSTANTIALLY TO THE ALREADY HIGH COSTS OF MOVING SEABORNE CARGOES THROUGH ITALY'S MAJOR PORT. NEW INCREASES RANGING FROM A 23 PERCENT HIKE IN THE TARIFF FOR GENERAL LOADING/ DISCHARGING OPERATIONS TO 27 PERCENT FOR CONTAINER AND ROLL-ON-ROLL-OFF OPERATIONS WERE APPROVED BY GENOA'S PORT AUTHORITY ON DECEMBER 28. SEVERAL OTHER ITALIAN PORTS, INCLUDING TRIESTE, VENICE, LEGHORN AND SAVONA, HAVE ANNOUNCED INCREASES RANGING FROM 20 TO 30 PERCENT IN THEIR OWN TARIFF SCHEDULES EFFECTIVE WITH THE NEW YEAR.

2. GENOA'S HIGHER RATES, ADDED ONTO A RATE STRUCTURE THAT IS THE HIGHEST IN ITALY AND ITS POOR REPUTATION FOR
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PRODUCTIVITY, COULD LEAD TO A REDUCTION OF TARIFF MOVING THROUGH GENOA. BECAUSE OF THESE NEGATIVE CONDITIONS, U.S. FLAG CARRIERS SERVING ITALY HAVE ALREADY BEEN SHIFTING THE BULK OF THEIR TRAFFIC AWAY FROM GENOA TO LESS EXPENSIVE PORTS, SUCH AS LEGHORN, IN RECENT YEARS. ONE U.S. FLAG COMPANY ESTIMATES GENOA'S PORT FEES TO BE

DOUBLE THOSE CHARGED ALONG THE U.S. GULF COAST PORTS. ANOTHER LINE RATES GENOA S PORT TARIFFS EQUAL TO THOSE OF THE MAJOR NORTHERN EUROPEAN PORTS. HOWEVER, WHEN GENOA'S LOW PRODUCTIVITY IS CONSIDERED, THE COSTS FOR A SHIP'S STOPOVER IN GENOA ARE NEARLY DOUBLE THOSE OF ROTTERDAM.

3. ALL U.S. FLAG COMPANIES CONCEDE THAT THE STIFF COMPETITION ON THENORTH AMERICA-MEDITERRANEAN RUN WILL MAKE IT DIFFICULT TO ABSORB GENOA'S HIGHER PORT TARIFFS. THE LARGEST U.S. FLAG CARRIER ON THIS RUN IS ALREADY LOOKING AT ALTERNATE ARRANGEMENTS AND INTENDS TO MAKE GREATER USE OF A NEW SPANISH FACILITY FOR TRANSSHIPMENT OF CARGOES THAT WOULD NORMALLY HAVE COME TO GENOA.

4. THE GENOA PORT AUTHORITY DEFENDS THE NEW INCREASES AS NECESSARY TO MEET HIGHER COSTS FOR LABOR AND WORKERS' BENEFITS. ACCORDING TO ONE CALCULATION, A PORT WORKER WHOSE BASE PAY IS 12,235 LIRE PER 6 1/2 HOUR WORKDAY ENDS UP COSTING 59,930 LIRE WHEN ALL HIS BENEFITS ARE ADDED. THESE LABOR COSTS ARE MAGNIFIED CONSIDERING GENOA'S PORT WORKERS AVERAGE LESS THAN 14 WORK DAYS PER MONTH AND RECEIVE A GUARANTEED MONTHLY INCOME.

5. THE ANNOUNCED ADDED COSTS FALL UPON A PORT WHOSE TRAFFIC VOLUME IS STATIC. TRAFFIC FOR THE FIRST THREE QUARTERS OF 1976 WAS SLIGHTLY ABOVE 1975'S POOR PERFORMANCE AND STILL LAGS 16 PERCENT BELOW 1974 LEVELS. THE ONLY AREA OF IMPROVEMENT HAS BEEN AN UPSWING IN CONTAINER OPERATIONS. CONTAINERS AND ROLL-ON-ROLL-OFF OPERATIONS UNCLASSIFIED

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ARE TWO AREAS WHERE THE GENOA AUTHORITIES HOPE TO KEEP FURTHER TRAFFIC FROM MOVING AWAY TO NEIGHBORING PORTS. A NEW CONTAINER TERMINAL, THE THIRD, IS UNDER CONSTRUCTION, ADDITIONAL DOCK SPACE IS BEING ALLOTTED TO TRUCK FERRY OPERATIONS, AND PORT IMPROVEMENT PLANS EMPHASIZE INSTALLATION OF ADDITIONAL CARGO HANDLING EQUIPMENT TO REDUCE LABOR COSTS.DI SCIULLO

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